

REVIEW OF COMPLIANCE

This Review of Compliance with the 1993 License Renewal will include a point by point analysis of the completed future plans as stated in the 1993 License Renewal proposal and a general discussion of the more subjective provisions of the License.

Shrewsbury's Community Cablevision (SCC) complied with the terms, conditions, provisions and other requirements in the License Agreement.

THE 1993 AGREEMENT OUTLINED FUTURE PLANS FOR THE SYSTEM

System Upgrade

A decision to upgrade the system will be based upon an "Identified need and a detailed financial plan." The upgrade could take the form of increased channel capacity over the existing system or a fiber optic/coax cable system.

- **Action Taken**

A study of the need, cost, benefits and financial requirements to upgrade the CATV system, originally built in 1983-1984, began in 1997. The planning process culminated with a "Connected to the Future" business plan presented to the Town Meeting on May 1998. The Town Meeting voted overwhelmingly in favor of a bond issue of \$6.1M with additional funding coming from cash reserves to fund the total project cost of \$7.52M.

In June 1998, investigation and field test were performed involving cutting edge Fiber to the Home (FTTH) technology. Following the unsuccessful field trials it was decided to move forward with a robust design of a traditional Hybrid Fiber Coax (HFC) architecture.

The system was substantially completed in the winter of 2000. The project was completed for \$6,720,000, under budget by \$800,000.

A key premise in the upgrade business plan was to pay for the debt service on the bonds from incremental revenue generated from new services. This goal was met primarily due to the overwhelming success of the High-Speed Internet services. The system was upgraded without a need to increase rates to pay for upgrade costs.

SCC has achieved a penetration rate for Internet access of 28% of homes passed more than twice the national average. Nearly 18% of basic subscribers have also subscribed to digital services, which is near the national average. This is an outstanding penetration rate for not having used the high-pressure sales tactics of other cable operators.

Programming

SCC will conduct a subscriber survey to solicit interest in particular programs. SCC will monitor the market to ensure our line-up is competitive.

- Action Taken

In 1993, SCC had sixty (60) active analog channels on Basic and Expanded Basic. Currently, SCC has seventy-eight (78) active Analog channels.

In addition, SCC has added Digital services. There are 181 active Digital channels including HDTV, PPV, music and optional sports packages.

Other Uses

SCC should consider other uses of the CATV system including Telecom, home/school links; enhance I-Net applications for education, Town Departments' operations, a municipal government phone system, and remote meter readings.

- Action Taken

SCC considered offering local telephone service over the rebuilt CATV system and decided against it for a number of reasons. SCC could not provide any value added services. The economics of providing the service was marginal at best and the market for traditional phone service has changed with the growth of cell phones. SCC will monitor the IP Telephony (phones over the Internet) technology as commercial launches begin.

SCC has upgraded the Institutional Network to provide phone service to all municipal buildings. The School, Town, Light networks were upgraded to provide increased capacity, speed, and security. The system was extended to serve the new High School.

Fiber optic cable was extended to provide repeaters for the Town Police/Fire departments' two-way radio systems. There are five locations in use.

The data network continues to be used by virtually all Town Department for data applications.

Use of the CATV system for automatic meter reading for electric and perhaps water is technically feasible but still uneconomic. Proprietary systems exist but SCC is reluctant to purchase and install one-of-a-kind systems without the assurance that the vendor's provided product will continue to be commercially available for the next five to fifteen years. SELP continues to use the CATV system as a medium for controlling electric water heaters during electric peak demand periods.

Customer Satisfaction

Shrewsbury's Electric Light Plant and Community Cablevision engaged the service of The Center for Research & Public Policy to conduct a statistically valid independent customer satisfaction survey in 1997 and again in 2002. SCC overall positive rating was 85.8% in 1997 and 86.2% in 2002. These very high positive ratings are at the upper end of goals for most service companies.

Other Benefits to the Town

SCC's benefits to the Town far exceed those that may have been received from private ownership of the cable system.

Federal law sets the cable operators maximum required contribution to the Town, franchise fee, at 5% of Gross revenue. The franchise fee by definition includes payment for public access and payments to the Town. SCC has provided benefits to the Town of 10.76% over the past five years, double of what could be expected from a private cable operator.

In addition, rates charged to subscribers for the most common services are significantly less than rates for similar services charged by private cable operators. The aggregate savings is about \$2M per year, cash that remains with subscribers.

SCC has agreed to undertake the task of upgrading the Town web site and to hire a full time Web administrator to ensure the web site is properly maintained to serve as an effective communication tool for all town residents.

Summary

Shrewsbury's Electric Light Plant as Licensee and Shrewsbury Community Cablevision as cable system operators have exceeded requirements of the existing CATV License.